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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

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| In re Patent Application of Bates et al. | |
| Application No. 09/179,332 | Group Art Unit: 2152 |
| Filed: October 27, 1998 | Examiner: M. Geckil |
| For: MULTI USER COMPUTER SYSTEM | Date: September 20, 2001 |

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Commissioner for Patents
Washington, D.C. 20231

INFORMATION DISCLOSURE STATEMENT

Sir:

The Examiner's attention is respectfully directed to the Declarations of Kevin Morrison and Philip Bates, transmitted herewith. These Declarations set forth certain events relating to activities leading to commercialization of the invention by the assignee of the present application and/or by its related companies. It is respectfully submitted that the facts set forth in the Declarations establish that the invention was not "on sale" more than one year prior to the filing date of provisional Application 60/063,695, the benefit of which is claimed in the present Application.

Under *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 48 U.S.P.Q.2d 1601 (1998), two elements are required to constitute a § 102(b) "on sale." The product itself must be "the subject of a commercial offer for sale" and the invention must be "ready for patenting." 48 U.S.P.Q.2d at 1646-47. In

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as First Class mail in an envelope addressed to Commissioner for Patents, Washington, D.C. 20231 on September 20, 2001.

(Signature)
MARCUS J. MILLET
Typed or Printed Name of Person Signing Certificate

this regard, the Examiner's attention is respectfully directed to the recent holding of the Federal Circuit in *Group One Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 59 U.S.P.Q.2d 1121 (Fed. Cir. 2001). The Court held in *Group One* that to constitute a commercial offer for sale so as to satisfy the first element of the *Pfaff* test, an offer "must meet the level of an offer for sale in the contract sense, one that would be understood as such in the commercial community." 59 U.S.P.Q.2d at 1125. "Only an offer which … the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under § 102(b)." *Group One*, 59 U.S.P.Q.2d at 1126. If material terms are left open, there can be no binding contract. *See, e.g., Virtual Def. and Dev. Int'l, Inc. v. The Republic of Moldova*, 133 F.Supp.2d 9, 18 (D.D.C. 2001) (although a total purchase price for MiG-29 planes was stated, the omission of material terms such as "the *method and timing of payment*" prohibited the formation of an enforceable contract) (emphasis added) and *Homestead Golf Club, Inc. v. Pride Stables*, 224 F.3d 1195, 1200 (10th Cir. 2000) (despite an agreed loan amount in exchange for a construction license, "[i]mportant material terms such as the funding date, interest rate, and *payment schedule* … were not determined at that time." (emphasis added, ellipsis in original).

Among other things, the communications between the assignee and the prospective customer concerned a complex system which had not been built to be custom-developed for the particular customer. The communications more than one year prior to the filing date of the provisional application did not state material terms such as the time when the system would be developed, or the time when payment would be due. Such communications could not constitute an offer for sale in the contractual sense inasmuch as if the customer had responded "I accept" to these communications, there would have been no definite meeting of the minds as to all material terms essential for an enforceable contract of this nature. *See* the

Declaration of Mr. Morrison and particularly paragraph 5 thereof.

As discussed above, the first element of the *Pfaff* test -- the commercial offer for sale -- is not met. It is accordingly believed unnecessary to address at this time whether the invention was "ready for patenting" as of one year prior to the filing of the provisional application.

With regard to the Declaration of Mr. Morrison, it is noted that the exhibits of the Declaration as submitted herewith are copies of the exhibits as put before the declarant at the time of signature. The declarant did not return the originals. Also, the Declaration of Mr. Bates as submitted herewith and the exhibits thereto were submitted to undersigned counsel by telefax.

In the event that any fee is due in connection with the present Information Disclosure Statement, the Commissioner is hereby authorized to charge the same to our Deposit Account No. 12-1095.

Respectfully submitted,

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